

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA  
DURHAM DIVISION**

IN RE:	§	
	§	
UNIVERSITY DIRECTORIES, LLC	§	CASE NO. 14-81184
	§	
PRINT SHOP MANAGEMENT, LLC	§	CASE NO. 14-81180
	§	
VILCOM, LLC	§	CASE NO. 14-81177
	§	
VILCOM INTERACTIVE MEDIA, LLC	§	CASE NO. 14-81181
	§	
VILCOM PROPERTIES, LLC	§	CASE NO. 14-81179
	§	
VILCOM REAL ESTATE DEVELOPMENT (VRD), LLC	§	CASE NO. 14-81182
	§	
DEBTORS.	§	CHAPTER 11

**UDX’S OBJECTION AND RESPONSE TO DEBTORS’ JOINT MOTION (1) TO  
APPROVE PRIVATE SALE OF REAL PROPERTY AT 15 SEASIDE SPARROW  
ROAD, HILTON HEAD, SOUTH CAROLINA AND (2) TRANSFER LIENS TO  
PROCEEDS**

COMES NOW, creditor UDX, LLC (“UDX”) and files this objection (the “Objection”) to the Motion of UNIVERSITY DIRECTORIES, LLC (“University Directories”), VILCOM, LLC (“Vilcom”), VILCOM INTERACTIVE MEDIA, LLC (“VIM”), VILCOM PROPERTIES, LLC (“VP”), PRINT SHOP MANAGEMENT, LLC (“Print Shop”), and VILCOM REAL ESTATE DEVELOPMENT, (“VRD” and together with University Directories, Vilcom, VIM, Print Shop, and VP, the “Debtors”) seeking approval for sale of property and transfer of liens to proceeds. In support of the Objection, UDX respectfully states as follows:

**PROCEDURAL BACKGROUND**

1. On October 24, 2014 (the “Petition Date”), the Debtors commenced these cases by

UDX, LLC’s OBJECTION TO JOINT MOTION TO APPROVE SALE OF PROPERTY AND  
TRANSFER OF LIENS

filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

2. The Debtors filed their JOINT MOTION (1) TO APPROVE PRIVATE SALE OF REAL PROPERTY AT 15 SEASIDE SPARROW ROAD, HILTON HEAD, SOUTH CAROLINA AND (2) TRANSFER LIENS TO PROCEEDS (the "Motion") on October 24, 2014.

3. Debtors' Motion is set for hearing in this Court on October 28, 2014.

### **FACTUAL BACKGROUND**

4. Harrington Bank, FSB ("Bank") is a North Carolina bank which was acquired through merger by Bank of North Carolina in 2014. Debtors entered into a series of loan agreements, security agreements and promissory notes with Harrington Bank, FSB prior to the merger (the "Loan Agreements"). The indebtedness called for in the Loan Agreements is secured by the granting of liens and security interests in certain property of the Debtors (the "Collateral"). The Collateral is fully described in the Loan Agreements, but generally, the Debtors granted security interests/liens in all of Debtors' business assets, including cash and cash equivalents, and the assets of certain affiliates who are not named Debtors, as well as certain pieces of real property.

5. On October 10, 2014, UDX purchased from Bank of North Carolina ("BONC"), BONC's position in certain of the Loan Agreements with the Debtors. Also on October 10, 2014, Southland National Insurance Corporation ("SNIC") purchased from BONC, BONC's position in the VRD Loan Agreements. On October 21, 2014, UDX purchased from SNIC, SNIC's position in the VRD Loan Agreements. UDX is now the owner and holder of all of the Loan Agreements.

6. Prior to the Petition Date, Debtors committed multiple defaults and breaches of the Loan Agreements. Also prior to the Petition Date, UDX filed suit against Debtors, and James Heavner in the Superior Court of Durham County, North Carolina to recover damages and equitable relief for common law breach of contract, injunctive relief, claim and delivery, attachment and receivership. That state court proceeding is now stayed as to the Debtors.

### **OBJECTION**

7. Just four days after the Petition Date, the Motion seeks to employ professional persons, Charter One and Alliance Realty Group, without explicitly recognizing such, without proper notice and opportunity for creditors to consider such, and without disclosure of the terms of their employment.

8. The Motion seeks to assume one or more executory contracts, without explicitly recognizing such and without proper notice and opportunity for creditors to consider such.

9. The Motion appears to seek approval of payment of pre-petition obligations of VRD and possibly a non-bankrupt party, James Heavner (“Heavner”), who is an apparent insider. Again, this is without notice and an opportunity for creditors to properly consider the relief requested.

10. Most importantly, it is not apparent that the property to be sold is even property of VRD’s bankruptcy estate. Heavner is indicated to be the owner of the property to be sold under the contract attached to the Motion. As mentioned above, UDX currently has litigation pending in state court against Heavner. It is believed that the property VRD seeks to sell by the Motion was titled in Heavner’s name at the time UDX commenced its litigation. Upon information and belief, Heavner purported to transfer the property to VRD on the day of filing and subsequently

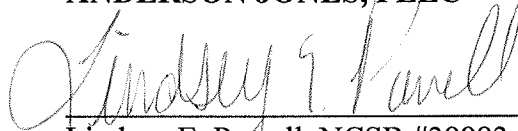
recorded the transfer. If the property was indeed transferred by Heavner to VRD, it is a clearly fraudulent transfer designed to thwart UDX's exercise of its state law remedies against Heavner.

WHEREFORE, for the reasons set forth herein, UDX respectfully requests that this Court deny Debtors' Motion seeking approval for the sale of property and transfer of liens to proceeds, and grant UDX such other relief as is just and proper.

Dated: October 27, 2014

Durham, North Carolina

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*Pro hac vice motions pending*

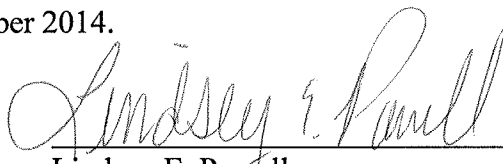
ATTORNEYS FOR UDX, LLC

### CERTIFICATE OF SERVICE

I hereby certify that I electronically filed the foregoing with the clerk of Court using the CM/ECF system which will send electronic notification of such filing to the following, and all other parties who have filed a notice of appearance:

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Signed this the 27<sup>th</sup> day of October 2014.

  
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Lindsey E. Powell